



RISK MANAGEMENT AND AUDIT COMMITTEE CHARTER

The Risk Management and Audit Committee (**Committee**) is a committee of the Board of Lend Lease Corporation Limited (**Lend Lease** or **Company**). This charter sets out the responsibilities delegated by the Board to the Committee and the Committee's objectives, authority, composition and operation.

OBJECTIVES

- The principal purpose of the Committee is to assist the Board in fulfilling its corporate governance and oversight responsibilities in relation to the risk management and internal control systems, accounting policies and practices, internal and external audit functions and financial reporting of the Lend Lease group of companies (**Group**).

AUTHORITY

- The Committee is authorised to investigate any matter within the scope of its responsibilities and make appropriate recommendations to the Board.
- The Committee will have unrestricted access to senior management of the Group and company records as required.
- The Committee is authorised to meet with the external or internal auditors, without any other member of management being present, as the Committee deems appropriate.
- The Committee is authorised to obtain any independent legal or other professional advice that it considers necessary to execute its functions.

RESPONSIBILITIES

The Committee has the following duties and responsibilities:

Audit

- make recommendations to the Board as to the selection, appointment, re-appointment or replacement of the external auditor and rotation of the engagement partner;
- review with the external auditor the scope and terms of the audit and audit fee in accordance with the Board's policy on the provision of audit and other services by the external auditor, and make recommendations to the Board in respect of the audit fee;
- review and approve the scope and terms of the internal audit and, where appropriate, the audit fee;
- monitor the co-ordination between the external audit and internal audit programmes;
- oversee and appraise the quality and effectiveness of the audits conducted by the auditors;
- discuss and resolve any issues arising from audit reports, including any matters the auditors may wish to discuss in the absence of management;
- discuss with the external auditor any relationship that may impact on its objectivity or independence, and recommend to the Board any appropriate action to satisfy itself of the auditor's independence;
- require the external auditor to provide a formal written statement annually confirming its independence;

- obtain confirmation that the external auditor is aware that it is responsible to the Board as the representative of shareholders;
- approve non-audit assignments that will be undertaken by the external auditor in accordance with the Board's policy on the provision of audit and other services by the external auditor, and monitor compliance with the policy; and
- review the performance of the Group Head of Internal Audit and the internal audit function and recommend to the Board, if necessary, the replacement of the Group Head of Internal Audit.

Risk management

- review the parameters of the Group's risk/reward strategy;
- monitor changes anticipated for the economic and business environment, including consideration of emerging trends and other factors relevant to the Group's risk profile;
- review the Group's Risk Management Policy Statement and the effectiveness of the Enterprise Risk Management system within the Group and be assured that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies;
- evaluate the adequacy and effectiveness of administrative, operating and accounting controls used by the Group;
- review actual and potential material risk exposures;
- monitor the implementation of business unit and corporate risk management plans;
- review insurance and other risk transfer arrangements, and consider whether appropriate coverage is in place;
- review the business contingency planning process within the Group and be assured that material risks are identified and appropriate contingency plans are in place; and
- review the performance of the Group Head of Risk and Insurance and the risk management system and recommend to the Board, if necessary, the replacement of the Group Head of Risk and Insurance.

Financial reporting

- review the half year and annual financial statements presented by management, together with reports and opinions from external auditors;
- review significant financial reporting issues and assess the appropriateness of accounting policies and methods chosen by management, particularly those relating to significant estimates and judgments;
- consider and make appropriate recommendations to the Board regarding major changes to Group accounting policies and procedures;
- review the reliability and appropriateness of disclosure in the financial statements and financial reporting to stakeholders, particularly with regard to estimates and judgments; and
- make appropriate recommendations to the Board as to whether financial statements should be approved.

Compliance

- monitor the effectiveness of Group policies and practices that relate to compliance with laws, regulations and accounting standards; and
- consider the impact of changes in accounting standards, listing rules and the Corporations Act.

Related party transactions

- review and monitor related party transactions.

Other matters

- conduct or authorise investigations into any matters within the Committee's charter;
- review disclosure in the Annual Report of information regarding the membership, functions and responsibilities of the Committee, including its views on the independence of the external auditor; and
- perform other functions referred to the Committee by the Board.

COMPOSITION

- The Committee will comprise a minimum of three independent Directors as assessed by the Board in accordance with its policy on the independence of Directors.
- All members will be financially literate and at least one member will have accounting or relevant financial expertise as determined by the Board.
- The Chairman of the Committee will be appointed by the Board from the Committee's members and will not be the Chairman of the Board.
- Appointments and revocations of appointments will be determined by the Board. No Executive Directors will be appointed to the Committee.
- The Company Secretary of the Board will be the Secretary of the Committee.
- The composition of the Committee will be reviewed annually by the Board and the Committee to ensure an appropriate balance of skills and experience.

MEETINGS

- The Committee will meet on a quarterly basis prior to Board meetings and at such additional times as the Committee Chairman or any member of the Committee may request.
- Any Committee member may convene a meeting of the Committee or request the Secretary of the Committee to do so.
- Where the Chairman is absent from a Committee meeting, a Chairman for the meeting will be appointed by the present members of the Committee.
- A quorum for a Committee meeting will be a majority of Committee members.
- To the extent not inconsistent with this Charter, meetings of the Committee will be conducted in accordance with those provisions of the Board's Constitution which relate to the proceedings of meetings.
- Non-Executive Directors who are not members of the Committee, the CEO, CFO, Group Head of Risk and Insurance and Group Head of Internal Audit will have a standing invitation to attend each Committee meeting, subject to exclusion as deemed appropriate by the Committee Chairman from time to time. Other executives, the external auditor and external specialists may be invited by the Chairman of the Committee to attend part or all of any meeting. The Committee may ask management to present at Committee meetings on issues relevant to the Committee's duties and responsibilities.
- Copies of Committee papers and reports, together with minutes of each Committee meeting, will be circulated to all Board members.

REPORTING

- Each of the CFO, the Group Head of Risk and Insurance and the Group Head of Internal Audit will have a separate direct reporting relationship to the Chairman of the Committee. This will involve regular one-on-one meetings as required.
- The Chairman of the Committee or their nominee will report to the full Board on the proceedings of the Committee and make appropriate recommendations to the Board for decision.

REVIEW

- The Committee will conduct an annual review of its performance and effectiveness by reference to this charter and current best practice. This review process will include a review of the terms of this charter. The Committee is to refer any recommended changes for decision by the Board.

This Charter was approved by the Board at a meeting of the Directors held on 16 September 2008.